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CENTRAL INTELLIGENCE AGENCY

12 April 1955

SUBJECT: TERMS OF REFERENCE: NIE 13-55: COMMUNIST CHINA'S  
CAPABILITIES AND PROBABLE COMMUNIST COURSES OF  
ACTION IN ASIA THROUGH 1960

THE PROBLEM

To examine the political, economic, and military strengths and weaknesses of Communist China; to estimate Communist, particularly Chinese Communist, courses of action in Asia through 1960; and to assess Sino-Soviet relations.

QUESTIONS BEARING ON THE PROBLEM

I. BASIC CHINESE COMMUNIST OBJECTIVES AND BELIEFS

In general terms, what do the present leaders of Communist China consider to be China's basic objectives? What appears to form the

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basis for these objectives? What ideals, convictions, or prejudices influence Peiping's approach to its principal problems?

In particular, its approach to:

1. The organization and control of China's society?
2. The organization of agriculture and the pace of collectivization?
3. The nature and pace of industrialization?
4. The organization and role of modern armed forces?
5. Relations with the USSR and other Communist countries?
6. Relations with non-Communist Asia? "Coexistence" with, and/or expansion of influence into, non-Communist Asia?
7. Relations and objectives with respect to the US?
8. The risks of full-scale war?

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II. THE REGIME'S CAPABILITY TO GOVERN

A. The Chinese Communist Political System

1. What significant changes in government organization and leadership have occurred since the publication of NIE 13-54?
2. Briefly, what is the pattern and extent of CCP domination of the government, economy, and society?
3. What problems, if any, for intraparty discipline are posed by policy questions in such matters as collectivization of agriculture, establishment of consumption levels, centralization of administration, policy toward Taiwan and the offshore islands, relations with the USSR, and the degree of initiative to be shown by individual officials at the national and regional levels?
4. What personality or policy cliques, if any, exist within the Chinese Communist Party (CCP) leadership?

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What effects would Mao's retirement or death have upon CCP cohesion? National stability? China's status within the Sino-Soviet partnership?

B. Quality of Chinese Leadership

1. What is the quality of Chinese leadership? To what extent do decisions of Chinese leaders appear to be logical? To be emotional? To what extent have errors in leadership been recognized as such?
2. What influence do ethical considerations or their appearance have on Chinese leaders' decisions? What influence, if any, is exercised by internal or external public opinion?

C. Administrative Capabilities

1. Briefly, what problems does the regime face in the availability of trained leadership, in corruption and inefficiency, and in regionalism vs. centralism? What other important problems of governmental administration exist?

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2. To what extent do the Chinese depend on and accept Soviet guidance in political organization and administration?

D. Domestic Policies and Questions

1. What programs are there now in operation, or planned, to achieve China's chief political and social objectives?
2. What problems have accompanied the regime's efforts to remake Chinese society? What serious obstacles, if any, to the implementation of the regime's major programs exist with respect to changes in the village, the family; the position in society of the soldier, the factory worker, and the bureaucrat? To what extent must the regime consider traditional forms, popular prejudices, and popular aspirations in determining and implementing policy?
3. What is the extent, intensity, and basis of discontent in China? Of support of the regime? If China became involved in major hostilities to what extent, if at all, would popular disaffection be a military factor?

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4. To what extent and in what manner does the regime employ coercive measures to realize its objectives? What effect have coercive measures had on the morale and productivity of industrial and agricultural workers? On the revolutionary elan of party cadres, youth, and intellectuals?

E. Trends in the Regime's Capability to Govern

What are the probable trends in the regime's capability to govern through 1960, particularly with respect to:

1. The effectiveness of administration?
2. Party discipline and cohesion? Party elan?
3. The effectiveness of controls over the people?
4. The ability to obtain popular response and to maintain productivity in the face of austerity and harsh control measures?
5. Social organization, social change, and the problems related thereto?

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III. DEVELOPMENTS IN THE CHINESE ECONOMY

A. Planning and Administration

1. What are the current Chinese economic programs and plans? To what extent have they been modified since 1950 and for what apparent reasons? In general, what is the emphasis among the major sectors of the economy? What have been the trends in gross national product and in major sector contributions?
2. How is the Chinese economy organized for control and administration? What is the function of the Chinese budget as a control mechanism and as a source of development funds? What have been the trends in major categories of revenues and expenditures since 1950?
3. To what extent, if at all, is Chinese economic planning coordinated with over-all Communist Bloc economic planning?

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B. Industrial Sector

1. What is the situation in the heavy industry sector?  
Give the output by important industries in 1954, using charts to indicate trends since 1950. Compare with pre-1950 peaks?
2. Analyze the output of selected major industries in terms of types and quality of product.
3. How successfully have the Chinese dealt with such major problems as integration of related production programs, availability of raw materials, importation of machinery and equipment, formation of investment capital, and provision of trained managers and technicians? Other important economic problems?
4. What trends may be expected through 1960 with respect to capacity and output in major industries, in quality of production, and in overcoming major problems? To what extent will such output depend on the level and composition of imports?

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C. Agricultural Sector

1. Give the output by major commodities in 1954, using charts to indicate trends since 1950. Compare with pre-1950 peaks?
2. How successfully have the Chinese dealt with such major problems as increasing output per acre, increasing the area of land under cultivation, organizing the farm and the farmer for production, and controlling disposal of agricultural production? Other important problems?
3. What trends may be expected through 1960 with respect to output of major commodities, output per acre, acreage under cultivation, and organization of the agricultural sector both for production and the disposal of product?

D. Other Sectors

1. Briefly, what is the status in other sectors of the economy: mining, consumer goods, and handicraft industries?

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What have been the trends since 1950 and what trends are expected through 1960?

E. Foreign Trade Situation

1. What is the present composition and direction of Chinese foreign trade? Use charts to indicate major trends in composition and direction since 1950. What factors have influenced these trends, and to the what degree?
2. In qualitative terms, what is the importance of imports in selected major industries?
3. What trends in the composition and direction of foreign trade may be expected through 1960, particularly with respect to Chinese import and export capabilities, and the capability to employ economic means in advancement of political ends?

F. Transportation Facilities Available to China

For each of the following questions, indicate the changes and trends that have taken place since 1950, using charts and maps as appropriate.

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1. What is the total capacity and the regional distribution of Chinese internal transport facilities: railroad, waterways, highway, and air? What are the capacities of key routes and key distributive networks? What is the national and regional pattern of use of transport facilities? What are the present and future plans with respect to the development of China's transport facilities including port development? To what extent are these plans dependent on the import of heavy transport equipment?
2. What is the total capacity and regional distribution of coastal shipping, both inshore and ocean-going? To what extent is other Communist flag shipping used in coastal trade? To what extent is non-Communist flag shipping used? What is the pattern of coastal traffic?
3. What is the relationship between transport facilities and location and output of major industrial centers? The relationship between transport facilities and principal agricultural collection and distribution centers? To what extent has the transport system delayed the build-up of old or new centers of industry?

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4. What overland transport facilities are available for the transport of Chinese foreign trade? What is the capacity of the Trans-Siberian railroad? Of the Trans-Mongolian railroad? Of major connecting lines in China? Which are the important points of overland entry and exit for Chinese foreign trade?
5. What Chinese Communist ocean-going merchant shipping is available for its overseas trade? What European Bloc shipping is available? What is the breakdown according to flag of shipping engaged in Chinese overseas trade? What is the capacity of shipping in the Chinese foreign trade? What is the nature, extent, and flag breakdown of China's coastwise shipping and trade? What are the important ports of entry and exit for Chinese foreign trade? For coastwise trade? What is the nature and extent of inland waterway movement in foreign trade? If all non-Communist shipping were denied the uses of Chinese commerce, to what extent could Bloc shipping be made additionally available while continuing to meet other

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commitments? To what extent will the over-all Communist shipping situation as it affects Communist Chinese be altered by 1960 as a result of:

a. Construction within the Bloc?

b. Augmentation from Western sources?

6. What is the distribution both in type and quantity of exports and imports between overland and ocean transport? What are Chinese internal facilities for delivering goods to and distributing goods from both overland and overseas entry points? From coast-wise shipping points? What is the destination within China of major categories of imports?

7. What trends may be expected with respect to transport capacity and pattern of use through 1960?

G. The Role of the Soviet Bloc in China's Economy

1. What is the extent, nature, and effect on the Chinese economy of Soviet Bloc influence and economic contributions? To what extent is the

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fulfillment of China's economic development programs dependent upon technical and financial assistance from the Soviet Bloc? To what extent is there joint Sino-Soviet economic planning and/or integration of the Manchurian and Soviet Far East economies?

2. What effect will Bloc contributions to China have on the ability of the USSR and of the Satellites to carry out their own industrial expansion?
3. What trends in Soviet Bloc influence and assistance may be expected through 1960?

H. Special Factors Affecting Chinese Communist Economic Development

1. How will demographic problems affect Communist China's rate of economic development? What is the present net rate of population growth in China and what average rate of growth may be expected during the period of this estimate? What is the age-sex composition of the population? Discuss the implications of the population

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growth and age composition in terms of labor supply, military manpower pool, agricultural policy, food supply, food exports, and forced saving and investment capabilities.

2. How will China's raw materials position affect its rate of economic development?
3. How will China's progress in science and technology affect its rate of economic and military development?

I. Probable Economic Developments

What over-all developments are expected in China's economy through 1960, particularly in: capacity and output of major industries and agriculture, quality and type of heavy industrial output, economic organization, and ability to overcome the various problems now confronting the various sectors of the economy?

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IV. MILITARY STRENGTHS AND WEAKNESSES

- A. What major objectives and strategic concepts appear to condition the pattern of development of Communist China's armed forces? What other important considerations affect the strength and weakness of China's armed forces?
- B. What relationships exist between the Chinese and the Soviet armed forces with respect to: command, tactics, material, and logistical support?
- C. To what extent is Peiping attempting to attain self-sufficiency in support of its armed forces?
- D. What is the likelihood that China has received or will receive atomic weapons from the USSR? What will China's capability be to deliver such weapons?
- E. How do military considerations affect economic planning, and vice-versa?

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- F. What are the size, composition, organization, effectiveness, and morale of the Chinese Communist Army, Navy, and Air Force? Of the Chinese Communist security forces? How are these forces deployed at the present time?
  - G. What is the present role of the military in Chinese Communist leadership and society?
  - H. What trends in the above military questions are likely through 1960?

V. COMMUNIST CHINA IN 1960

- A. What will China's total power potential be in 1960? What will China look like in 1960? In general terms, what will be China's political organization, internal stability, social structure, economic product, and military strength?
- B. What will China's potential be in 1960 for further political, economic, social, and military development?

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What trends of future development will be evident in 1960 for the longer term?

VI. SINO-SOVIET RELATIONS

A. Current Relations

1. Indicate the evidence for and nature of any change in Sino-Soviet relations as defined in paragraphs 18 and 19 of NIE 10-7-54.
2. In particular, what evidence is there, if any, indicating: (a) the role of Peiping in the formation and execution of Bloc policy in the Far East; (b) the channels through which Soviet influence is exerted at the decision-making level in the CCP, and the receptivity of Peiping to Moscow's advice; (c) the existence, if any, of differing views or emphases on the nature and pace of China's industrialization; (d) the existence, if any, of differing views on the risks to be run

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by Peiping in its foreign policies, particularly with respect to the Taiwan Straits area; (e) Soviet efforts to limit Peiping's strength and influence; (f) Chinese efforts to reduce China's economic and military dependence on the USSR or to limit Soviet influence within China; (g) the impact, if any, of considerations of Communist China upon the Soviet domestic scene; and (h) Soviet views of stronger Western economic measures or of armed action against China?

3. What is the present general extent and nature of Soviet economic assistance to Communist China? Of military assistance? What are the political, economic, and military strings attached to Soviet assistance?

B. Trends in Communist Relations

1. What trends, if any, in Sino-Soviet and other Communist relations are likely during the period of the estimate? What are the implications for Sino-Soviet relations over the long term of gradual Chinese progress toward

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economic and military self-sufficiency? Of Chinese assertiveness and increased world prestige?

C. Other Communist Relations in Asia

1. What are the respective roles of Moscow and Peiping in the Viet Minh and North Korean regimes?
2. What is the nature of and basis for relations among the USSR, China, and other Asian Communist parties, particularly in India, Indonesia, and Japan?

VII. THE COMMUNIST ESTIMATE OF THE SITUATION

- A. To what extent are Chinese Communist courses of action shaped by their estimate of the situation and by considerations of US strengths and weaknesses in Asia?
- B. To what extent, and in what manner, does Communist regard for the objectives, capabilities, and intentions in Asia of non-Communist countries other than the US, particularly the UK, India, and Japan, affect the determination of Communist policy in Asia?

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- C. What is the Communist estimate of the present vulnerabilities of non-Communist Asia? Of such vulnerabilities in 1960?
- D. In the Communist view, what issues are sources of friction among the Western allies and non-Communist Asian countries, and what other believed weaknesses among these countries of a political, economic, military, or moral nature appear to the Communists to be susceptible of exploitation? What trends do the Communists estimate exist in these respects?
- E. Are there major differences between Soviet and Chinese estimates with respect to any of the above questions? Are any major differences likely to arise between now and 1960?

VIII. COMMUNIST CAPABILITIES TO UNDERTAKE CERTAIN COURSES OF ACTION IN ASIA

A. Taiwan

1. What is the magnitude of the combined operation that the Chinese Communists could presently launch against Taiwan? By mid-1956? By the end of 1960?

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2. What is the magnitude of the air attack which the Chinese Communists could presently launch against Taiwan? Against US bases in the Western Pacific? By mid-1956? By the end of 1960?

B. Indochina

1. What are Chinese Communist capabilities for assisting the Viet Minh militarily in Indochina? For assisting the Viet Minh in Vietnam elections? For assisting in the subversion of Laos and/or Cambodia?
2. What are Chinese Communist capabilities to assist in the rehabilitation of railroads, industries, and mines of North Vietnam? To exploit the production and resources of North Vietnam for the benefit of Communist China?

C. Korea

1. What are Communist capabilities to engage in full-scale warfare in Korea during the period of this estimate? To counter a unilateral ROK attack?

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2. What are Communist capabilities to subvert the ROK by means short of military action?
3. What are Chinese Communist and Soviet capabilities to assist in the rehabilitation of North Korea? To exploit North Korean resources for their own benefit?

D. Thailand, Burma, Malaya, and Indonesia

1. What are Chinese Communist capabilities for assisting in the subversion of Thailand, Burma, Malaya, and/or Indonesia during the period of this estimate?
  - a. What are the capabilities of indigenous Communists, assisted where applicable by Communist China, the USSR, and the Viet Minh, to develop armed rebellion in Thailand, and to intensify armed rebellion in Burma, Malaya, and Indonesia?
  - b. What are Chinese Communist, Soviet, and Viet Minh capabilities, through threats and inducements, to cause a major change in the present orientation of Burma, Thailand, India, and/or Indonesia?

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2. What are Chinese Communist capabilities to invade Burma and/or Thailand?

E. Other non-Communist Countries in Asia (Particularly Japan)

What are Communist capabilities for assisting local Communist parties, and for inciting armed rebellion in, or significantly altering the orientation of, these countries?

F. Trade

1. In general terms, what is the maximum level and composition of exports which Communist China could have available for trade and could sustain during the period of this estimate with non-Communist countries, and in particular with Japan, without upsetting or interfering with Peiping's main lines of planning industrial development, acceptable domestic consumption levels, and existing trade commitments with the Soviet Bloc?
2. What are the principal ad hoc trading means which Communist China could employ to advance Communist political ends?

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3. What level and composition of trade could the USSR sustain with Japan?
4. What trends in China's capabilities for trade and for the use of economic means for political ends may be expected during the period of this estimate, with particular reference to Japan?

C. Political Warfare

1. What are Peiping's abilities to influence or modify the policies of the non-Communist governments in Asia by: (a) political and diplomatic means? (b) threat or intimidation?
2. To what extent can Communist China obtain acceptance as the "leader" of Asian peoples and governments in relations with the West, and in the approach to the common economic problems of industrialization?

IX. PROBABLE COMMUNIST COURSES OF ACTION IN ASIA

- A. In general, what over-all courses of diplomatic, military, economic, or subversive action will the Communist pursue in Asia during the course of this estimate?

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1. What major issues will they attempt to exploit? In what ways?
  2. How will considerations affecting the Bloc as a whole bear on Communist courses of action in Asia?
  3. Is Peiping likely to take any major course of action not approved by Moscow?
  4. What changes will be evident in Moscow's and Peiping's fear of general war? Readiness to initiate or accept local wars? To support armed insurrections?
  5. What changes will be evident in Moscow's and Peiping's diplomatic stance and willingness to negotiate outstanding issues?
- B. In particular, what courses of action will the Communists pursue in each country of Asia? What considerations are involved in each case and what alternative courses should be considered?

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X. CONTINGENT DEVELOPMENTS

How might the above Communist courses of action be modified or changed during the period of this estimate by such contingencies as:

- A. Communist failure to subvert or otherwise gain control of South Vietnam by "peaceful" means during the period of this estimate? Ditto in Laos? Cambodia? Communist success in subverting the above without effective Western counteraction being evidenced?
- B. Markedly less friendly policies toward Communist China by Japan, Burma, Indonesia, or India? Markedly more friendly policies?
- C. The admission of Communist China into the UNGA over the objections of the US?
- D. A major relaxation of controls on trade with Communist China by such nations as the UK, Japan, and South and Southeast Asian nations?

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- E. The occupation of the Nationalist offshore islands without incurring US military retaliation? US military frustration of Chinese Communist ambitions toward the offshore islands?
  - F. A major shift in US policy toward Communist China, becoming either conciliatory or combative?
  - G. The formation of some kind of US-sponsored North or East Asia defense alliance, possibly including Taiwan, Korea, or Japan?
  - H. A unilateral offensive by the ROK?
  - I. Marked change in political or economic stability in any of the Asian non-Communist countries, in particular Nationalist China, Japan, or the ROK?
  - J. Thailand's accommodation to Communist pressures?
  - K. Others?

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